

Message Text

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12

ORIGIN NEA-12

INFO OCT-01 EUR-25 IO-12 ADP-00 AID-20 CIAE-00 DODE-00

PM-09 H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SS-15 USIA-12 SR-02 ORM-03 AGR-20 EB-11 COME-00

TRSE-00 IGA-02 OMB-01 /175 R

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APPROVED BY NEA/ PAB: LBLAINGEN

NEA: JJSISCO (SUBS)

USIA/ ISA: JWOLDMAN (SUBS)

NEA/ P: JBRIGGS (DRAFT)

AID/ FFP: IHEDGES (INFO)

AID/ ASIA/ SA: RBECKMAN (PHONE)

ID/ OPA: MKRBY (INFO)

S/ PRS: JKING (INFO)

UR/ SOV (NFO)

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R 142238 Z MAY 73

FM SECSTATE WASHDC

TO AMEMBASSY DACCA

INFO AMEMBASSY NEW DELHI

AMEMBASSY ISLAMABAD

AMEMBASSY MOSCOW

AMEMBASSY LONDON

AMEMBASSY ROME

USMISSION USUN NEW YORK

UNCLAS STATE 091817

E. O. 11652 N/ A

TAGS: ECON, EAID, BG

SUBJECT: FOOD SITUATION IN BANGLADESH

REF: 091816

ROME FORFODAG

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1. FOLLOWING ADOPTED AS CONTINGENCY PRESS GUIDANCE FOR DEPARTMENT'S NOON BRIEFING MAY 14. ANSWERS NOT USED BECAUSE NONE OF QUESTIONS ASKED BY PRESS. DACCA MAY DRAW ON THIS MATERIAL IN RESPONDING TO QUESTIONS THERE.

2. QUESTION: HOW SERIOUS IS THE FOOD SITUATION IN BANGLADESH?

ANSWER: HIGH AND RISING RICE PRICES AND THE LOW LEVEL OF IN-COUNTRY FOOD STOCKS IN BANGLADESH INDICATE THAT THERE IS NO ROOM FOR COMPLACENCY ABOUT THE FOOD SITUATION THERE. WE ARE IN CLOSE AND CONTINUING TOUCH WITH BOTH THE UN AND THE BANGLADESH GOVERNMENT ON THIS MATTER AND INTEND TO REMAIN SO.

3. QUESTION: DO YOU HAVE ANY COMMENT ON THE MAY 13 WASHINGTON POST EDITORIAL (SEE REFTEL) ABOUT REDUCED U. S. FOOD AID FOR BANGLADESH?

ANSWER: AS YOU KNOW, WE HAVE PLAYED A LEADING ROLE IN PROVIDING FOOD ASSISTANCE TO BANGLADESH. THAT EFFORT IN CALENDAR 1972 TOTALLED 850,000 TONS OF FOOD OUT OF TOTAL

INTERNATIONAL DELIVERIES OF 2.5 MILLION. THIS HAS BEEN PART OF AN INTERNATIONAL RELIEF EFFORT COORDINATED BY THE UN. WE ARE CONTINUING OUR SUPPORT OF THIS EFFORT. FOR CALENDAR 1973 THE UN HAS ESTIMATED TOTAL NEEDS AT ABOUT THE SAME AS LAST YEAR, I. E., ABOUT 2.5 MILLION TONS. WE ARE PLANNING TO PROVIDE 700,000 TONS AGAINST THIS NEED. OF THIS WE HAVE ALREADY DELIVERED 200,000 TONS ON A GRANT BASIS. WE HOPE TO PROVIDE AN ADDITIONAL 500,000 TONS OF WHICH 200,000 TONS WILL BE GRANT AND 300,000 TONS ON A LOW INTEREST, EXTENDED REPAYMENT PLAN 480 BASIS. OTHER INTERNATIONAL DONORS HAVE PLEDGED ABOUT 630,000 TONS TOWARD THE REMAINING NEED AND BANGLADESH HAS MADE ARRANGEMENTS TO PURCHASE UP TO 1.2 MILLION TONS WITH ITS OWN FOREIGN EXCHANGE RESOURCES. IN ADDITION TO OUR PROVISION OF FOOD AID DIRECTLY, THE USG IS ALSO THE LARGEST DONOR TO BANGLADESH OF FERTILIZER AND OTHER AGRICULTURAL INPUTS TO HELP INCREASE FOODGRAIN PRODUCTION.

4. QUESTION: WHY HAVE WE HARDENED OUR TERMS?

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ANSWER: AS I SAID, SOME 400,000 TONS OF OUR FOOD AID FOR THIS YEAR WILL CONTINUE TO BE ON A GRANT BASIS. THE BANGLADESH GOVERNMENT AND WE HAVE AGREED, HOWEVER, THAT FUTURE FOOD AID SHOULD BE ON THE BASIS OF LOW-INTEREST, EXTENDED REPAYMENT SALES (PLAN 480, TITLE I). THE TERMS OF THESE SALES ARE HIGHLY CONCESSIONAL, BUT EVEN CONCESSIONAL SALES (IN CONTRAST TO AN EXTENDED PERIOD OF GRANT

AID) ARE INTENDED TO HAVE THE EFFECT OF ENCOURAGING THE
BDG TO TAKE MEASURES NECESSARY TO INCREASE DOMESTIC
RICE PRODUCTION.

5. QUESTION: WHAT ABOUT THE IDEA OF GETTING SOME SOVIET
COOPERATION ON THIS?

ANSWER: WE BELIEVE THE EFFORT MUST BE AN INTERNATIONAL
ONE, AND THAT MEANS COOPERATION FROM ALLQUARTERS. WE
WOULD LOOK TO THE UN IN CONSULTATION WITH THE BANGLADESH
GOVERNMENT TO COME UP WITH SPECIFIC PROPOSALS ON THIS. RUSH

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